



The Chartered
Institute of Logistics
and Transport

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
(CILT) EXAMINATIONS IN COLABORATION WITH
MANAGEMENT UNIVERSITY OF AFRICA

CILT PROFESSIONAL CERTIFICATE

PROCUREMENT

DATE: 20 TH FEB 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow

NAIVAS SUPERMARKET

Naivas supermarket is one of the leading supermarkets in Kenya and manages over ten thousand items in their retail outlets, in the recent past they have experienced a lot of challenges in regards to obsolete stocks and a soaring stock handling costs. The board of director have appointed you as the head of procurement and tasked you to review its sourcing policy to help the organization eliminate waste and become competitive in the market.

- 1a). Explain the elements to consider when developing procurement plan. **(3 marks)**
- 1b). Using the Boston grid matrix strategic tool, explain how you can help the organization in developing the sourcing policies. **(8 Marks)**
- 1c). Define the following terms as used in the procurement department at Naivas supermarket. **(8 marks)**
 - i) Outsource
 - ii) Term contract
 - iii) Specification
 - iv) Life cycle costing
- 1d). Highlight the advantages and disadvantages of outsourcing. **(6 marks)**
- 2a). Most of world class organizations have in the recent past been co-opting procurement managers into Strategic functions to exploit the information resource, influence and help in making critical management decision. Explain how organizations may benefit from Developing and implementing supply chain partnerships. **(10 marks)**

2b). Market intelligence is as important as any other operations in business enterprise, explain the sources of market information for that would be used by a procurement manager. (5 marks)

3a). Procurement provides the vital link between the organization and its suppliers at the same time fulfilling its role of resources management while meeting its internal customer's requirement. Outline the key stages of procurement process. (10 marks)

3b). JACADO enterprises ltd is contemplating importing a printing machine from Dubai for their newly established business firm in Kenya. Therefore, the board of directors are seeking your advice on possible key procurement risks and appropriate mitigation plans for them. **Provide your professional advice on these** (5 marks)

4a). Discuss the key components of a supplier-monitoring system that would apply for each of the following: (10 marks)

- i) Supply contract
- ii) Works contract
- iii) Service contract Procurement.

4b). Describe the key elements of a benchmarking process that you would use to improve procurement performance in an organization. (5 marks)

5a). Highlight key factors to consider while developing an Environmental Procurement policy statement that could apply in the Procurement procedures for a reputable organization. (10 marks)

5b). Deliberate on ethical challenges that affect the performance of procurement functions in public sectors. (5 marks)

6a). Describe the main commercial issues involved in setting up a contract for each of the following: (10 marks)

- i. Construction of a new distribution warehouse
- ii. Equipment maintenance.

6b). What are the advantages and disadvantages of e-procurement. (5 marks)

the following questions. (10 marks)

1. Describe the main components of a public management system that would enable it to achieve its objectives. (10 marks)

2. Explain the role of the following elements in a public management system: (10 marks)

(a) Vision and mission statement (10 marks)

(b) Organizational structure (10 marks)

(c) Human resource management (10 marks)

(d) Financial management (10 marks)

(e) Information management (10 marks)

(f) Quality management (10 marks)

(g) Environmental management (10 marks)

(h) Risk management (10 marks)